



Minnesota Housing eNews Alert

December 21, 2009

Neighborhood Stabilization Program (NSP) Updates

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Current Minnesota Housing REO Properties and Guidance

- [REO Property List](#)
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NSP Contract Amendments or Technical Corrections

Minnesota Housing has changed its internal processing of budget amendments in order to speed up its response to subrecipients. Effective immediately there will be two types of changes, those that will require the approval of our internal NSP Steering Committee and those that will not.

- The contract amendments such as those below will require Steering Committee approval and demand revisions to Exhibit B, C, and/or D. These amendments require the signatures of Minnesota Housing and the subrecipient on a separate contract amendment document describing the changes:
 1. Subrecipient is unable or limited in making progress in their geographic target area, therefore, the change request is to expand or change the current target area.
 2. A meaningful change in the type of program as a result of changes in management, changes in staff, changes in subrecipient's target area or other circumstances.
 3. The subrecipient wants to add or delete at least one activity.

4. Target area demand requires a substantial shift in funds, greater than 30%, from one activity to another.
 5. A substantial reduction in unit count for any activity greater than 30%.
- Listed below are the changes that will not require Steering Committee consideration, but will require the modification of Exhibit C. These will be called technical corrections. Requests for technical corrections 1-5 must be authorized by the governing body of the subrecipient. If/when changes are approved signatures will be required to memorialize the revised Exhibit C.
 1. Changes to the program that represent options available to the subrecipient per the NSP manual, such as changing from a resale-affordability model to a recapture model, or incorporating a type of incentive program that wasn't incorporated when the program was rolled out.
 2. Change requests to correct budgeted costs not eligible under a specific activity.
 3. Shift of funds between activities no greater than 30% that accommodate the projected monthly demand or waiting list of prospective buyers.
 4. Adjustments to the proposed use from homeownership to rental or vice versa of no more than 30%.
 5. The removal of a budgeted activity because the subrecipient is planning to use other resources for that activity and not NSP program funds. This results in the shifting of funds from the removed activity to another NSP activity.
 6. Adjustments made to the unit count and budget amount anticipated to benefit low income households. An increase or decrease is allowed, as long as the budgeted amount does not fall below the 25.4% threshold requirement of NSP.
 7. Reductions made to the number of units projected of not more than 30%.

Minnesota Housing will continue to accept contract amendments or technical corrections in the New Year.

The deadlines for either a contract amendment or a technical correction submission are:

- January 12
- February 10
- March 10
- April 9
- May 10
- June 8

Performance Tracking - Obligations

Minnesota Housing will closely review obligation levels by the end of December. If insufficient progress is demonstrated, funds may be deobligated for some subrecipients. Subrecipients that have fallen behind in their goals are strongly encouraged to show a substantial increase by the end of December.

Subrecipients that have not submitted disbursement requests who want to make sure that Minnesota Housing is updated on all obligations made to date should submit an [updated Obligations Report](#) by December 24. [View Minnesota Housing's Year to Date Obligations Report as of 12-14-09](#). The HUD December Quarterly Report will be updated accordingly to reflect these obligations.

Monitoring Process

Subrecipients received a Monitoring Questionnaire to be completed and returned to Minnesota Housing within 30 days of receipt. This questionnaire officially starts the onsite monitoring process. The following is an overview:

- Subrecipients selected for monitoring will receive a notification letter.
- Subrecipients will be called for the scheduling of the appointment.
- If properties are selected for inspection, the address will be provided ahead of time so you may coordinate the viewing of the property with the owner.
- After the visit, you will be notified if a follow-up more detailed review will be required.
- Minnesota Housing will review the results with you either by conference call or a face-to-face visit.

Manual Revisions

Please note that the following section will be deleted from the manual:

- Average aggregate discount table sample on top of page 33.

Relocation & Acquisition Policies (RAP)

Nationally, HUD is continuing to find non-compliance with the URA requirements when NSP or other federal funds are used in assisting households to buy homes. Therefore HUD has published a new [Relocation & Acquisition Policies \(RAP\)](#) document to address this.

Disbursement Forms

Tenants' Rights Questions Please note that in the questions provided under this category, if you answered "No" for the first question, the next two questions should be skipped. Question 3 is a follow-up to your response to Question 2. These questions are found in the "Initial Property Set Up Form" and the "Property Close-Out Form". The three questions read as follows:

1. Was there a bona fide tenant in the property at time of foreclosure?
2. If yes, do you or the successor in interest have documentation that complies with NSP's 90-day tenant notice?
3. If no, are you assuming the responsibilities for any penalties that may be required?

The forms will be re-labeled to read 1, 2a, and 2b.

[View line-by-line instructions on how to prepare the disbursement requests](#)

Environmental Review Updates

With the submission of contract amendments to revise target areas and add new activities, subrecipients are reminded to check with their Environmental Officer to make sure compliance with the environmental requirements is met. In most cases you are required to update the service area and activity in that area.

Receiving Program Income

We have heard that some subrecipients are experiencing a delay in receiving program income upon sale of properties. Subrecipients should be receiving program income immediately upon the closing sale of the transaction. A delay in the receipt of program income should be questioned by the subrecipient.

Purchasing Fannie Mae Properties

[See recent information posted by HUD.](#)

Questions?

Contact Ruth Simmons at 651.297.5146 or nsp.mhfa@state.mn.us.